A PARADIGM SHIFT FOR PUBLIC-PRIVATE PARTNERSHIPS

Promising Practices for Public Officials and Private Companies Working Across Sectors
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With increasing frequency, people in both the government and civic spheres are asked to find and use evidence-based solutions for community problems: solutions that have been proven to produce effective results. Public sector employees often lack the resources and time to mine for promising practices to address challenges their cities and towns are facing. In response to this need, Fels created the Promising Practice series, which compiles public sector solutions on timely subjects in accessible reports. This report is the ninth in the Promising Practices series.

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Twenty years ago, David Osborne and Ted Gaebler, authors of *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*, shared ten principles to offer hope for renewal in an era of government decline. A decade later, Steve Goldsmith and Donald Kettl wrote about another major shift in the landscape of governmental management, suggesting that the time of textbook top-down, stove-piped public management in America had ended. Now, another ten years later, a new era of public-private partnerships has emerged and shifted the fundamental ways in which governments get work done.

Since the beginning of the Great Recession, states across the country have projected huge budget deficits, forcing governments to do more with less. While we have heard this refrain before, the impacts of this recession have permanently shifted the landscape. State and local government workforces have shrunk dramatically by almost 700,000 jobs since 2008. Governments have no capacity to replace this shortfall as the politics of state payroll, most notably pension and healthcare issues, complicate hiring. Governments have always had to compete with the competitive compensation structure of the private sector but have offered intangible benefits such as job security to balance the scale. The Great Recession, however, has significantly eroded this long held benefit. Additionally, one in four state and local employees are eligible to retire in the next five years. This “silver tsunami” will further devastate governments’ abilities to deliver core services over the coming years. The financial constraints of the Great Recession have also significantly hampered governments’ abilities to provide the same level of service.

Through all of it, public officials are trying to adapt to this new environment, but the majority of them are concerned with the future. Traditionally, private firms have stepped in to fill the increased demand for certain services, but the relationship with the government was often defined by term limited contracts or fee-for-service structures. This traditional way of thinking about the provision of these services has proven to be inefficient. For example, during a conference...
hosted by Fels in the fall of 2013 for the National Association of State Chief Administrators (NASCA) on these new Public Private Partnerships (P3s), over 92% of participants agreed that the uncertainty and financial burdens created by the recession had forced governments and private companies to re-imagine their work together and develop a new process to create partnerships that are more than just transactional. Over 64% also agreed that these new partnerships were different than traditional P3s. Government executives and private stakeholders have had to shift from managing workers and directly providing services to orchestrating networks of public, private, and nonprofit organizations to deliver those services. At the same time, the demand for services traditionally supplied by the government and the expectation of service delivery has significantly increased in part spurred by advances in technology such as the rise of social media and instantaneous communication.

How will government respond to this continued period of uncertainty and change, limited resources, and increased demand and technology? In order to address the growing demand for these services, governments have had to reassess some of the tools at their disposal. However, “if all you have is a hammer, everything looks like a nail.” The changes of today, from complex software design to more conventional infrastructure projects, require a new arrangement in the public-private relationship and demand more from both the public and the private sector.

Does an opportunity exist for governments and corporate entities to re-imagine their work together, redefine their roles, and navigate new processes to create partnerships that are more than just transactional, one-way relationships?

The traditional P3 has been around for decades. It has conventionally been characterized as an agreement to provide upfront capital to build large infrastructure projects that usually involves unique legal foundations and offers long-term revenue streams for investors. However, according to the National Council for Public-Private Partnerships (NCPPP), a P3 is defined, in part, as an agreement through which “the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public.” At the same time, government officials and private sector executives have overused the term P3 to describe everything from simple contracts to purchase office supplies to the complex relationship behind social impact bonds. Authors Cheryl Hilvert, Director of the Center for Management Strategies for the International City/County Management Association (ICMA), and David Swindell, the Director of Arizona State University’s Center for Urban Innovation and Associate Professor in the School of Public Affairs, note that “there have been many successful examples of true public–private partnerships in recent decades, but many such activities described as public–private partnerships are nothing more than contractual relationships of one unit buying the services produced by another.” Meanwhile, other labels such as “outsourcing” and “privatization” add to the confusion when trying to describe the public-private relationship. These terms carry political baggage with particular groups and fail to capture the concept of a true partnership between governments and private companies.

This method of thinking about cooperation between the public and private sector must evolve if government is going to effectively address its growing challenges. Individuals in both the public and private sectors must adopt a new mindset towards inter-sector cooperation. Public sector employees and department heads as well as private sector managers and C-suite executives will need to develop a new approach the problems of the day.

So what are these new P3’s?

In an effort to bring higher quality service to the public while battling the budgetary restrictions created by the Great Recession, governments are increasingly turning to the private sector for help. This effort is not new, but the complexity of the problems and increased collaboration across sectors has transformed these traditional arrangements into stronger partnerships built on shared motivations and mindsets. Additionally, both the public and private sector have realized that cooperation can further increase both of their agendas. The two sectors are starting to acknowledge that each contains skill sets that are neither ubiquitous nor readily accessible to the other. Government, for example, has the ability to convene relevant stakeholders and has access to resources needed by the private sector while the private sector often contains the expertise needed to facilitate the use of those resources. Greg Wäss, Senior Advisor, Office of the Governor, Illinois, spoke at length about this idea of complimentary skillsets, offering an example of government holding massive amounts of data and yet lacking the technical skills to take advantage of this data. Wäss explained that the City of Chicago maintained and tracked all of the city buses, retained information on ridership, bus routes, current status, and expected delays of the buses. However, the city government did not have the time nor the technical expertise to design a mobile software to portray all of this data to the public. There exists, he points out, an opportunity for government to

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1 “Seven Keys to Success”. The National Council for Public-Private Partnerships. Available at http://www.ncppp.org/ppp-basics/7-keys/

drive and improve public services by furnishing timely and accurate data, which is protected, to the private sector that will in turn find ways to use the data to make a profit but also improve the delivery of certain services – i.e. an application that can tell you exactly when your bus will arrive. In Wass’ example, the private sector company, though technically savvy and experienced in application development, had not developed this type of application before; thus, the partnership was unfamiliar to both parties. The government could not provide the service without the expertise of the private sector; however, the private sector needed the government to both provide the data, but also to convene organizations within the city’s agencies to effectively run the service.

Wass’ example begins to illuminate the characteristics of these new partnerships. As Hilvert and Swindell note “a true partnership... requires both parties to have a role to play in the delivery of services.” These new P3s demand a deeper level of communication and integration between the public and private sector. While not formulaic nor uniform in their design, these new P3s share eight common characteristics:

- Long-term (in terms of time to launch and overall life of the initiative)
- Complex (in terms of the coordination of steps that are necessary for success)
- Unfamiliar (in terms of an effort that the parties have not done before)
- Strategic programs
- High dollar investments
- Enterprise-wide (in terms of multiple government agencies involved)
- Multiple Partners (in terms of different companies from various industries to offer a complete solution)
- Complementary strengths (in terms of each side offering something the other cannot)

These partnerships are designed to span multiple years so that the partnership can evolve and develop innovative ways to address the needs of both parties. Success depends on complete organizational buy-in. Buy-in requires greater bandwidth from both partners and greater communication throughout the cross-sector team. The long-term nature of any P3 makes this level of coordination more challenging as administrations come and go. At the same time, the multilayer involvement ensures that the new stakeholders are familiar with the partnership as individuals move up and out of the department or company. Moreover, if designed right, both the public and private partners complement the core competencies that the other side lacks, thus making the partnership stronger and necessary. Lastly, these partnerships have shed a relic from the past: the notion that the private sector is innately more efficient than the private sector. Although this myth dies hard, both sectors are realizing that each provides a complement to the other.

**But how do governments and private companies develop this partnership?**

First, while it’s tempting to re-label any new concept (and these partnerships are very different) this Promising Practice brief will still refer to the relationship as P3s. Our goal is to help empower and educate cross sector partners as they begin to address the complex challenges facing government. But what is a promising practice? A promising practice is an action, program, or process that leads to an...
effective productive result in a situation. At the most basic level, a promising practice must have measurable results that demonstrate success over time.

This brief will focus on common factors that make partnerships successful and approaches governments and firms can establish to improve how they work together. Given the fiscal constraints faced by governments across the country, this brief will examine how partnerships between the government and the private sector are becoming increasingly necessary for government to fulfill its core mission. These evolved partnerships require buy-in from the entire organization and strategic communication both before and during the partnerships. They require building and nurturing a relationship and involve clearly defined success criteria. Whether you are a technical expert in the private sector or the head of an agency in city government, this guide will help you better understand the elements that lead to successful partnerships. As you will find, many of the factors that lead to successful P3s are similar to those that make successful teams everywhere. Ultimately, this brief will provide state and local government officials and private company partners with a practical guide as they establish and maintain successful and effective P3s in the delivery of essential services.

**Literature Review:**
We reviewed literature and articles on P3s that includes information on efforts to initiate relationships, best practices developed during the pre-Request for Proposal (RFP) and formal RFP process, and strategies that have helped these partnerships maintain strong working relationships throughout the life of contracts.

**Interviews:**
We worked with national associations such as NASCA, the National Association of State Personnel Executives (NASPE), the National League of Cities (NLC), the National Association of Purchasing Officials (NAPSO), and others to identify and interview over 15 key leaders and members of successful P3s. We also interviewed representatives of the corporate community and state and local governments to uncover replicable strategies and tactics that have laid the foundation for success.

**Surveys/ Learning Tour:**
We embarked on a “learning tour” to solicit feedback on initial ideas that emerged from primary research and interviews. During two hour-long sessions, small groups comprised of state and local leaders as well as corporate partners participated in facilitated discussions on effective partnerships strategies. Their feedback, reactions, and suggestions were used to refine our hypothesis, enhance our understanding of the barriers to effective partnerships, and gain additional insight into effective partnership tools, tactics, and strategies.

**METHODOLOGY**

Over the past four years, Fels has partnered with the National Association of State Chief Administrators (NASCA) to develop the Leadership and Management Institute that highlights the complexities of public-private partnerships, their implementation, and their unique leadership challenges. Every year during the Institute, participants representing both state governments and private sector partners identify important lessons for creating genuine and effective partnerships. Common themes of successful partnerships included the importance of establishing clearly defined roles and responsibilities, the value of having iterative and strategic conversations, the importance of prior planning to identify and correct issues that arise, the acknowledgement of how team members’ experiences can impact success, and the recognition that lack of a team approach and inadequate data can cause serious failure. Using the foundation built through the work at the Institute, we conducted primary and secondary research, surveys, and interviews to establish a practical guide for government officials and private sector executives to use in the formation of effective and successful partnerships. The scope of our research included:
WHAT IS THE GOAL OF THIS PROMISING PRACTICES GUIDE?

This guide is not intended to create an all-purpose roadmap to build a successful relationship between your organization and its public or private partner. The application of P3s is different in every industry from healthcare to energy. This differentiation creates its own wide variation in strategy and approach. The term “P3” is already too casually applied to all types of arrangements from purchasing contracts to outright privatization of governmental functions. These traditional relationships between the public and private sector will (and should) continue as each circumstance demands its own strategic assessment. Many of the Critical Success Factors (CSFs) described over the next several pages can be applied to many relationships regardless of their structure.

If you have determined that your organization is approaching a complex initiative consistent with the eight characteristics of these new P3s, we can offer five CSFs that are common across these types of partnerships. Although the CSFs are elements that should be considered when building a P3, they do not guarantee success on their own. Additionally, the more complex the partnership the more significant some of the CSFs will become. Each CSF also includes indications of potential warning signs (Red Flags) and indicators of promising practices (Green Flags). In addition to the CSFs, the flags are meant to help guide your strategic decision making while forming a relationship with a cross-sector partner and to raise questions for both the government and private partners who are working towards forming a new P3 and defining success in their partnership.

CRITICAL SUCCESS FACTORS

If you and your organization have decided that this new P3 is the type of cooperative and strategic relationship needed for your next project, then the following CSFs will help guide you chronologically through the relationship formation process and initial implementation of the partnership. Ultimately, many of these CSFs will be crucial during the actual implementation of the P3 as well. The 5 CSFs are as follows:

1. **Pre-RFP Communication and Research**
   Learn from each other during the Pre-RFP and Formal RFP process.

2. **Build the Team**
   Identify the right partners and individuals within public and private sector organizations.

3. **Relationship Building**
   Build relationships with individuals across sectors as well as internally.

4. **Build a Sector Intelligence in your team**
   What is your team's Sector IQ?

5. **Communicate for Buy-In**
   A strong communication plan will help sell the vision.
Learn from each other during the Pre-RFP and Formal RFP process.

Partners must take the time up front to clearly formulate and articulate the fundamental issue that they are attempting to solve. P3s often fail not because of flawed execution but rather because of flawed planning or problem formation. Before any RFP is released, proposals are submitted, or winners are selected, organizations need to communicate with each other to clearly articulate the problem that needs to be solved. As Steve Kelman from Harvard’s Kennedy School of Government wrote:

“When government doesn’t take advantage of [industry] knowledge before issuing an RFP, it loses. Failure to get early, honest feedback results in many misunderstandings in contract language, which bedevil contracts after they are signed and lead to disappointments or even litigation. In addition, lack of pre-RFP communication often leads to requirements that are unnecessarily expensive to meet but could have been made economical with small changes.”

Additionally, as Stephen Goldsmith of the Ash Institute for Democratic Governance and Innovation and William Eggers of Deloitte note in their research, government officials often fail to take the time to assess the problem and subsequently build a partnership: “too often, precious little thought is given to the question of mission and strategy: what policy goals the agency hopes to accomplish and how that relates to what it wants the members of its network to do. Instead, agency officials pick up their organizational chart, find something they’re not doing very well, and then ask the private sector to do it for them.”

CRITICAL SUCCESS FACTOR #1: Pre-RFP Communications and Research

A Case Study – Washington, DC Mayor Anthony Williams, the DC General Hospital - Solving the Right Problem

In the 1990’s Washington, DC Mayor Anthony Williams and his staff conducted a comprehensive review of the city’s health system. For years, D.C. General Hospital, a keystone in the medical system owned and operated by the District, had been plagued by poor management and was costing the city dearly. In addition, DC suffered from some of the worst healthcare statistics in the county. Some in the administration asked, “how can we fix this hospital?”. These individuals were concerned with fixing the immediate issue without considering a larger strategy. The Mayor, however, asked a much more fundamental question: “Is it my job to run a public hospital or to provide the maximum public health returns for the indigent?”

Mayor Williams asked his administration to take a deeper look at the bigger strategy and asked the tough questions at the heart of the issue. The administration could look for ways to patch the failing healthcare system or focus on the more fundamental issue of providing the best public health to DC residents. The difference was subtle, but Mayor Williams believed that focusing on the core issue would lead to a much greater result for the city.

Refocusing on this newly articulated and fundamental question, the administration knew what it had to do. The administration closed DC General Hospital and used the subsidies that had previously buoyed the failing hospital to create a close network of privately run hospitals and community based clinics. Former City Administrator John Koskinen recalls that “we decided that government should maybe not be in the business of running hospitals, and instead we should be providing health care to those who need it and now we have a better health care safety net for the city’s indigent than we were able to provide before with DC General.”

By re-assessing the problem and working with private clinics in the DC area, Mayor Williams was able tap into the underutilized capacity of the private clinics while saving money and fulfilling the government’s mission to provide for the public’s health. Using public dollars to link the private clinics together, Mayor Williams harnessed the collective power of multiple clinics as opposed to focusing all of the city’s resources on one limited location. The benefits of working with
promising practices a paradigm shift for public-private partnerships

actively sponsored the partnership and shared his vision of the project with his entire administration. The investment of time and resources was considerable, and this partnership remains one of the most successful in Bulls’ recent memory. The project in State B, however, was run solely by a state agency. Within the agency, just the purchasing people had any real involvement in the selection process. There was no involvement from senior officers in the state nor was there any vision or strategic goals set by these officials. Bulls recalled:

State B hired us solely based on a response to an RFP without even interviewing us. When that happened, I was first elated that my phone skills were so good that I could get the job without ever having an interview, but then I really thought about what was happening. I wanted to say to them, ‘you are not buying bullets here, you aren't buying a commodity. This is a service and an art.’ I knew from the beginning that there was a danger here.

In State A, as the project progressed and hit some bumps in the road, the shared vision and the mandate from the top propelled the project forward and over the hurdles. Conversely, when State B hit a snag in the project, the relationships quickly deteriorated and the partnership ultimately failed. Bulls made sure to also stress the importance of having managers in both organizations that are not afraid of change. These change agents have to be passionate and drive the vision of the partnership for its ultimate success.

As government struggles with fewer staff and less money, the resources to gather honest feedback can be a challenge. Nevertheless, the consequence of failing to properly understand the core business problem and public policy challenge creates enormous risk, especially when building a P3. Through pre-RFP communication, partners will begin to develop an understanding of the differing cultures and needs of potential partners. Ultimately, having team members for both the public and private sector who truly understand the other sector will help increase collaboration and communication throughout the partnership.

Too often government officials do not fully engage with their potential private sector partners before the RFP has been issued. Government and private partners often cite the barriers of pre-RFP communication as a major hindrance towards the problem formation process. Government officials do not want to create the perception of favoritism towards a particular company for fear of tangling the process in protests and law suits. Partners know that once the RFP
has been issued, communication is highly restricted. Any communication after
the RFP is released must be written and made publically available. This period
is referred to as the “cone of silence”. The National Association of Procurement
Officers (NASPO) released a whitepaper in 2012 on effective communication
between state procurement officials and industry participants and found that
“procurement officials and their customers in the agencies sometimes fear
that pre-solicitation meetings and discussions with vendors will create the
‘appearance of impropriety’”. This hesitation to reach across sectors leads
to poor communication of the actual requirements of the initiative and
contributes to the failure of many partnerships.

NASPE SURVEY ON P3S

In the summer of 2013, Fels delivered a presentation at the National
Association of State Personnel Executives (NASPE) and distributed a
survey to all of the participants asking: what are the underlying barriers to
public-private partnerships? Each participant was prompted to offer up to
three barriers. Although the responses were free form by design, the majority
of them overwhelmingly indicated that lack of clarity around the pre-RFP
problem formation process was one of the most significant barriers to forming
a successful P3. Additionally, a majority of respondents noted that one of the
largest barriers to these new partnerships was a failure to spend enough time
broadly and clearly communicating the vision for the project.

The reality of the situation, however, is much different than the perception.
As NASPO revealed in its whitepaper, the vast majority of states reported that
there are actually no statutory or regulatory limitations on government’s ability
to communicate with vendors prior to publication of a formal solicitation. The
NASPO survey found that state statutes and regulations provide public officials
with only general guidance on the matter; however, this lack of actionable
guidance causes states to err on the side of caution: “In the absence of specific
guidance, it is reasonable to conclude that those who fail to take full advantage
of this tool may be doing so because of the lack of such guidance.” NASPO also
found that many states and corporations simply are not engaging in any pre-RFP


The X-axis serves as the time from the “decision to source” a good or service all the way to the release of the RFP. The Y-axis spans from general information to specific information. Generally speaking, the further to the right and the higher up one travels in the matrix, the more danger there is for creating an “unfair advantage”.

For example, if the initial information released or solicited is fairly broad and relates more generally to trends in the industry, then one would find him or herself in Quadrant III with a very low likelihood of creating an unfair advantage. Even as the strategy matures and the process continues, communication between the government and the private company still may not create an unfair advantage; however, at later stages in the process it is better to consult with local statutes and to be more sensitive to releasing specific information, but there is nothing wrong with continued communication.

As always, transparency is paramount in government. There is a requirement on everyone involved to maintain an open and transparent process that is well documented. The transparency requirement often creates a chilling effect on communications; however, if the P3 addresses a significant enterprise-wide issue and involves multiple agencies and significant resources, then the extra effort is warranted. As we will discuss later, involving multiple agencies can be extremely helpful as you build the plan to communicate for buy-in.

These P3s can transform the way government delivers services to consumers and can help corporation’s access information and resources only readily available to governments, who often do not have the capacity to make the information commercially available. Involving all the parties early can make your life easier throughout the whole process, making the proverbial juice worth the squeeze.

In conclusion, before the partnership can even begin, the public and private partners must first clearly define the problem that they hope to solve. Additionally, open communication must occur before a successful partnership can even begin. If government is thinking about soliciting the help of the private sector then it should engage the private sector early in the process to help identify the problem. The perception that pre-RFP communication is illegal or creates an unfair advantage often impedes successful problem formation, but the perception is generally built on poor information. Most states do not restrict pre-RFP communication at all. The early communication between partners will form the foundations on which these partnerships are built. As we will see with the following CSFs, building relationships both within organizations and across sectors requires constant and early communication.

**Flags**

*Are you discussing challenges and sharing goals internally and with potential partners? Does procurement fully support your efforts to explore options before you issue the RFP?*

- **Green Flag**: Sharing challenges and goals with partners will help confirm the right solution and partner. You are getting honest feedback from multiple perspectives.
- **Red Flag**: Lack of communication both internally and externally can lead to poor problem formation and will ultimately lead to the selection of the wrong solution and partner. The team cannot agree on the core mission or strategy.
- **Green Flag**: Strong guidance from your procurement department regarding pre-RFP communications will allow you to fully leverage the expertise of many companies. Procurement and other key departments are offering guidance and have committed resources to your initiative.
- **Red Flag**: You are being told that you cannot talk with certain people and all communications must go through one contact.
- **Green Flag**: Government staff is encouraging the private sector firm to do its homework and talk with people outside the department, especially those in positions of leadership (i.e., Budget Director, Chief Information Officer, Deputy Chief of Staff). You are talking with all relevant stakeholders about the proposed solution.
- **Red Flag**: Political factors are always a consideration and can be significant barriers to program implementation. The real barriers are being discussed and put on the table.
All parties are open to suggestions on strategy and problem formation. If you suggest a different approach to solving the problem, you get honest feedback on why a different solution won’t work.

A predetermined strategy that looks a lot like the status quo could indicate lack of new thinking. They are proposing the status quo despite poor results.

Either side opposes even a pilot program with manageable risk because of impact on existing processes and relationships.

Are discussions informing the development of the contract or was the process predetermined?

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**CRITICAL SUCCESS FACTOR #2:**

*Build the Team*

**The importance of leadership**

At the risk of stating the obvious, we must begin any discussion about effective teams by placing the emphasis on the critical need for leadership. As Craig Orgeron, Executive Director of the Mississippi Department of Information Technology Services emphasized to us, “managers can manage contracts, but you need leadership in the partnership world.” A successful P3 requires transformational leadership with a clear vision and a goal of changing the organizational culture. At the same time, strong management that can work within the existing organizational culture will be necessary for success.

Leadership styles and tactics vary, and there is no leadership pixie dust that can be sprinkled on a team member or group. There is a plethora of literature on leadership, and we do not want this guide to be another. *The Leadership Challenge* by James M. Kouzes and Barry Z. Posner is a good place to turn for several insights on good leadership traits. Many business school programs require their students to read it, and while the focus is on the private sector, the qualities of effective leaders are not limited to a specific sector.

We hope that practitioners will have the vision to build a P3 when appropriate and the humility to believe that these five CSFs we outline here can help to strengthen their plan. Surely vision and humility are two among the many qualities of great leaders.

**The P3 needs a “Designated Driver”**

The nature of the P3 and the industry focus will of course dictate specific skill sets and unique roles, but common to most successful P3s is the need for a single authority on the government side that has appropriate oversight responsibility. For purposes of this guide, we will call that individual the “Designated Driver”. This is not necessarily the project manager or the highest ranking person on the leadership team, although it could be. As we have stressed, any P3 involving multiple agencies and private partners, as many of these P3s do, should strongly consider utilizing a Designated Driver to lead the integration of all project
components. Designated Drivers sweat the small stuff. They make sure that even the littlest details are in order and they have a team they can trust.

One of the more high profile examples where no such role existed was the rollout of Healthcare.gov by the Obama administration. Widespread press accounts found that “the quality of working relations among relevant agencies (i.e., health, social services and insurance) . . . and . . . failures of coordination among multiple developers, each of whom touches only a part of the proverbial elephant” all played a role in the failed rollout. In Time magazine’s reporting months after the failed launch, it still could not determine “who was supposed to have been in charge of the Healthcare.gov launch. Instead he [Abbott] saw multiple contractors bickering with one another and no one put in charge.” The lack of a Designated Driver left the project and partnership adrift without proper guidance or governance. A P3 by its very nature is at-risk when no one is ultimately responsible for managing the completion of the project or facilitating conversations between the government and the corporate partner.

A more poignant, and positive, example of the need for strong leadership is the case study presented by the Fels Institute of Government at the NASCA Institute on Management and Leadership in 2013. The case study, written by Alan Sable, Associate Consultant, Fels Consulting, focused on the implementation of energy efficiency for all government owned buildings in Kentucky. Neither the state nor the contractor had built a system like this before and there was an incredible amount of complexity and unpredictability. The initial project manager had been so concerned with delivering savings quickly that he instructed the contractor to jump ahead to later phases of the project at a few buildings, while some buildings were still in the planning phase. The contract, however, was structured so that payment was tied to the completion of individual milestones each representing a different phase of implementation for all buildings: initiation, planning, execution, acceptance, operation. As a result, more than halfway through the contract, the primary contractor had not yet received a payment on any milestone.

The State Chief Administrator brought in a Designator Driver, Dick Mink, who was promoted from within the Commonwealth Energy Management and Control System (CEMCS) team and had been part of the project from the beginning. Given Mink’s tenure on the project, he had a history of working with this particular vendor. Mink understood the needs of the vendor, who was trying to develop a new software capability, and also understood the government’s need to complete the project as efficiently as possible. By focusing on replicating the successful implementation of the software at Kentucky’s Central State Hospital, Mink was able to help right the project throughout the Commonwealth and also ensure that the private company received payment.

The Healthcare.gov and Kentucky cases demonstrate that P3 implementation teams on both the public and private side must include many different perspectives from experts in contract negotiation, program management, and resource management to procurement officials, systems architects and engineering specialists, and testing managers. The team must have a Designated Driver who has ultimate authority and has clear lines of communication to leadership at all times.

Select the team with the right skills

So far we have considered the importance of properly framing the problem and the critical role of leadership and naming a Designated Driver. At a certain point, you need to consider if you have the horses to pull the wagon. As Thomas Edison decreed “vision without execution is a hallucination,” and no P3 can be successful without the right team to execute.

A P3 includes a more complex set of services that will likely involve multiple agencies and different companies from various industries. The guiding team must determine what specific skill sets are necessary to execute the initiative. For example, any P3 that involves a major information technology component should create an implementation team to see the project through from project planning to implementation. Developing front-end systems, such implementers should include experts in contract negotiation, program management, resource management, procurement, systems architecture and engineering, security, requirements analysis, test management and configuration management.

The team, especially on the government side of the partnership, may also need a new perspective from the outside. If you’re going to try an entirely different approach, can you build it with all the people who have been doing it the old way for 5, 10, 15 years? Jodie Winnett, the former Associate Director at Illinois Department of Revenue shared with us that “if you’ve got a major initiative, you might want to try and bring in someone new to lead it or at least someone new to be in a senior role. Trying to change everything with the same people who created the old way is a recipe for failure.” You undoubtedly need those long-standing employees and their expertise, but you often need someone new as well. Baer, Dirks, and Nickerson note that “innovation behavior especially among employees who were deeply involved in their jobs, often created conflict with coworkers that, in turn, resulted in less satisfactory relationships with those individuals.”

As an alternative, government can create a dedicated team that has deep expertise with P3s. The NCPPP suggests that both the government and the private company have a dedicated team for P3 projects: “This unit should be involved from conceptualization to negotiation, through final monitoring of the execution of the partnership.” These units help the partners navigate the political and policy environments as well as the bureaucracy, complexity and inertia both within government and the private company. Given the unique business and political drivers that influence decision making in government, these teams need individuals that can network with political leaders and understand what will motivate and support the staff, who will do most of the heavy lifting when it comes to implementation. Additionally, they will help facilitate relationships across sectors and departments which are crucial to the success of any initiative.

A host of workforce planning issues play a role here as well. Recruiting and retaining the right talent is difficult in the public sector, especially given the fiscal constraints levied on the public sector since 2008. The nearly 700,000 lost state and local government jobs undercuts the sense of security that government jobs were traditionally thought to provide, and the government has never been truly able to compete with the private sector in terms of total compensation. Moreover, the wave of retiring baby boomers often referred to as the “Silver Tsunami” is going to leave government even shorter staffed with many of its most knowledgeable people gone. A recent Issue Brief published by NASPE on workforce and succession planning found that “there is still much work for states to do in order to address the reality of the ‘silver tsunami’, with one third or more of the workforce retirement-eligible over the next five years.” Finally, as a state government senior Human Resources official stated, government is often the employer of second, third, or fourth resort especially in emerging industries such as IT and software engineering. Thus, the importance of building complementary teams becomes even more crucial as these partnerships provide access to skills and resources that are not attainable to the other partner.

Government will also need to use its skill as a convener to build the best team. Government officials realize that the problems facing government are so large and that they cannot fix these problems on their own. The ability of government to act as a convener across governments — federal, state and local — as well as private and non-profit sector organizations is one of its core competencies. Public officials have the ability to bring in the Chamber of Commerce, academic institutions, nonprofits, and a host of other government related entities to the team. While private sector companies have capabilities that are critical for success, it is the government, at least in this country, that has absolute authority to convene multiple parties to focus on public policy challenges.

Governance

To manage such complex projects, a great team requires a strong governance model. Governance refers to the processes and decisions that define our actions,

19 Wintersteen, T. “Workforce and Succession Planning”. National Association of State Personnel Executives. Available at NASPE.net
grant power, and verify performance. In other words, governance refers to rules of engagement. It’s an established best practice that very large complex strategic change efforts require a governance process to guide the entire organization throughout the changes. Strong governance is necessary to support effective operational execution. For example, built-in discussions on problem solving are essential to the governance structure. Ogeron commented that “the conversations create healthy pressure to keep interests mutually aligned and offer a forum to address and resolve problems.”

Partnering

Finally, once the team has been built, and the contracting process complete or well under way, we recommend you consider a discussion exercise called “partnering.” This discussion goes deeper than outlining key milestones and expectations for the partnership, however. In partnering, each side explains what it needs to accomplish and its reasoning behind it. Goals and needs are documented and by the end of the back and forth you have created a charter for the partnership. Both parties and relevant stakeholders from each organization then sign the charter and it becomes a living document for the duration of the partnership. The partnering process allows many members of the cross sector team to discuss issues that may not have been as easy to capture amongst lawyers. However, the benefit of the partnering process goes beyond whatever might be on paper. The charter will ultimately contain issues and understandings that go to the core of the relationship. For example, as was shared in one of our interviews, a top executive needed to call a department head at 3 AM when there was an issue with a particular project. The issue was so severe that the executive knew it was slated to hit the newspaper the following day. Thankfully, the relationship the two had developed through the back and forth of the partnering process offered an avenue to work through the issue right then and there at 3 AM in the morning. Furthermore, if that division head were to one day leave the company, the living charter would provide his or her replacement with a roadmap to discuss the current and future needs of the project.

The traditional hierarchical controls of government are not effective for the new P3. The command and control approach that government has utilized when it had complete operational control of the program is not compatible with a P3. The Alliance to Transform State Government Operations notes: “In the past century governments were organized to put a premium on command, control, and compliance, rather than on results. The resulting organizational structure tends to make today’s government slow moving and hard to change.” The public sector will need to loosen its grip on control if they want to fully leverage the innovation of the private sector. Both sides must remain focused on the results rather than process, and ultimately deliver those results. Creating a sounds governance structure from the beginning will help ensure controls and checks on the project’s execution.

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How well do you know the team that will deliver the service?

Strong leadership is crucial to the success of the team. You can identify the leadership by name(s). You know the vision and goals because you heard them yourself from leadership.

You know the name of the Designated Driver. You have met key members of the team who will execute the P3 on the ground.

The company has built a dedicated public sector group that understands the unique process and culture of government. The government has individuals on their team who understand the private sector.

A critical skill set is lacking within the government team, yet the corporate partner can demonstrate how they will fill that gap.

Both parties have made concessions or compromises in recognition of the other’s motivations.

Involving multiple departments and bringing multiple voices to the table prevents “group think” and encourages cooperation among agencies. The cross-sector team is properly represented and has a role in the governance process.

The full team has engaged in a “partnering” process to create a charter.

Multiple managers are responsible for small aspects of the partnership and communicate independently of each other with little or no coordination.

Your team has adopted the mindset that procurement will just get in the way so you exclude the group in the conversation.

The entire team that has been tasked to drive major change has been in their current role for a very long time.

Build relationships with individuals across sectors as well as internally

“At the end of the day, what makes [partnerships] work is when people can communicate, can work through problems, can all express what is necessary, and where there are competing interests, there is also a mechanism to make a final decision.” - Dean Stotler, Director, Government Support Services, Office of Management and Budget, State of Delaware

During Bill Clinton’s initial Presidential Campaign in 1992, political strategist James Carville famously quipped “it’s the economy stupid”. When developing economic theory, the first thing economists will tell you is “it’s the prices stupid.” Similarly, for P3s, we say “it’s the relationships stupid!”

During every interview conducted for this brief, every conference held, and every article researched, the interviewees, the attendants and the literature all stressed the paramount importance of forming relationships with partner organizations and sector counterparts. Above all else, the respondents noted that the relationships between the individuals involved were crucial to the success of the partnerships. The formation of these strong relationships begins before the partners have even entered into a formal agreement (see CSF #1 & 2). However, simply selecting the right partner and building a great team is not enough to carry these partnerships to success. Given the multiple years these partnerships span, team members must develop strong working relationships with counterparts both up and down the organizational chart.

Often good relationships exist at the direct staff level. This is expected as staff members are often the individuals working most closely with their counterparts and have direct operational responsibility. Generally, however, it is the folks several layers above the day-to-day working groups that may not have the opportunity to build strong relationships or establish trust with their counterparts. Moreover, it’s the organizations leaders that must act as role models through their own relationship-building behaviors. Staff members take their cue from top leadership. Since a P3 is not your typical program and often requires
Having a deep understanding of organizational charts and chains of command in your counterparts’ organizations are crucial to establishing valuable relationships for the partnership. While not every official and executive can or should be involved in every project, the chart is meant to provide rough guidance on the comparable chains of command within each sector.

(See Appendix A for the full guide)
As we have discussed, the hierarchy of government and its command and control approach interferes with an effective P3. While it’s important to build relationships throughout government, understanding how and when to leverage those relationships is critical. Jack Hartman, Executive Vice President of ARCADIS U.S., Inc., shared an example in which he had a close relationship with the Mayor of a large city. The project lead from the city knew that Hartman had this direct relationship with the Mayor, and Hartman understood that while his relationship with the Mayor was a good thing, it also created concerns for the project lead. Hartman approached the project lead and made a commitment to him that he would bring all questions or concerns to the project lead first and never do an end run to the Mayor unless Hartman and the project lead could not agree. This sign of respect and professionalism Hartman offered to the project lead strengthened their relationship and the partnership between the organizations.

These relationships become critically important during difficult decision points of the engagement or in times of crisis. An existing relationship offers a better starting point from which to work through the issue. If a Cabinet Secretary had grabbed a cup of coffee with the national business lead a few months earlier and discussed some common goals, each would have a better understanding of the other’s concerns and resolution of a potential conflict would be more easily achieved. Both sides must still exercise good faith, but good faith is more easily shared if there is an established relationship.

As the size and the scope of the initiative increase and the stakes are raised, the more individuals above the core stakeholders should be involved. To maintain effective communication, governance and leadership for the partnership, one approach calls for the drawing of a series of concentric circles on the organizational chart with its epicenter at the core team/individual. The circles extend out up to five levels above and below the epicenter within each organization. Involving individuals up and down several levels provides three things to the partnership: 1) it provides a broad organizational buy-in, 2) it provides senior level executives with the relationships needed if significant or unexpected decisions are required, and 3) it adds to the longevity of the partnership since those individuals lower down the organization chart at the beginning of the engagement usually move up in the organization over the course of the partnership. If the project is larger or smaller, additional or fewer circles can be used. Smaller engagements usually require fewer circles. Hartman eloquently summed up the purpose of involving those individual team members below the core team on the organization chart when he remarked: “That’s the reason why I go five levels down, because the guy that is a manager today might be the general manager five years from now, and he has agreed to [the terms of the partnership].” Since these new P3s are generally longer term endeavors, the longevity and organization buy-in are crucial factors to maintaining the quality of the relationship.

“Does the program manager know their procurement officer, HR specialist or budget analyst?”

In addition to cross sector relationships, you need to focus on creating relationships within your own organization. Admittedly drawing from stereotypes once again, the stovepipes that often exist across government agencies have been described at times as more like missile silos. The private sector may have a better reputation in this regard, but large companies have their own divisions and silos. Building these internal relationships across government agencies can and should start early in the planning process. Dean Stotler shared an example of the required shift that government must undergo in order for these cross departmental-relationships to bear fruit: In the traditional procurement scheme, the procurement team often waits for the individuals leading the
promising practices a paradigm shift for public-private partnerships

internal training programs, the development and redesign of policies and procedures, the promulgation of professional standards and others – that can profoundly shape the direction of the organization by diffusing new ideas and innovations into the organizations. Volunteer or get yourself appointed to work in these access points where you can insert movement in the direction you want into the basic workings of the organization.

At the end of the day, you are building trust across the partnership and that begins with understanding.

Effective cross agency communication is critical to address the issues as they arise. As was discussed in CSF #2, government’s unique ability to work as a convener can help to bring many different agencies and perspectives to the table. The Designated Driver can also serve as a catalyst for bridging the silos between groups by involving teams early in the process. Just as communication before the pre-RFP process is important to the problem formation, involving all team members early in the process helps to facilitate shared mission and relationships. As we will see in CSF #5: Communication for Buy-In, internal communication can be just as important as managing external relationships.

Although the planning process will include a comprehensive response to certain anticipated scenarios, the complexity of any P3 means more risk. P3s are long-term engagements and as Gary Lambert noted, “who can realistically project out more than 2 years what will be required for the initiative to be successful.” Having a sound strategy in place and fostering strong relationships will ensure that the right individuals are involved in the conversation and the correct channels between decision makers are established.

Of course, there are times that you must find a way to connect with your counterpart and you don’t have the benefit of a previous relationship. In these circumstances, the communication must come directly from the leader, and authenticity is critical. Maureen O’Donnell, former Director, Illinois Department of Employment Security (IDES), shared a story with us that demonstrated this need for frank conversations and immediate change. A few years ago O’Donnell arrived as the new Director of IDES and inherited a new unemployment benefits system. The state had hired a private vendor to complete the redevelopment of the system, the first change in over 30 years for the system. By the time O’Donnell assumed command of the project, the two year engagement had already extended well beyond the project timeline. The vendor had only completed a quarter of the project, and the agency had burned through roughly 80% of the project budget. The previous leadership of the project did not push hard enough for the sweeping

Organizations are shaped by their culture, and their culture is the result of conversations that matter. Idle chatter about sports, the weather and the latest political issue is a place to start, but the conversations you want to move toward are those that touch on the things that really matter to your individual colleagues in the organization. For some it’s family, for others it’s the mission or purpose of the organization, for still others it may be issues of faith – but for most it is some combination of these and other things. To lead people you have to be able to identify and connect with what is important to them. There are places within an organization –
changes that were needed. The opposition to change was stiff. Staff and end users opposed reforming the process and defended the status quo at every turn. As a result, despite years of effort, the project was failing.

O’Donnell knew that quick change was needed or the already wounded project was doomed. She knew that both the government and the vendor wanted the project to succeed since both had skin in the game. The government did not want to fail and waste tens of millions of tax payer dollars. Similarly, the private company did not want to damage its reputation or to have a failed project on its resume.

For the project to succeed, the current attitude and culture on the two teams needed to change. An independent assessment valued the project at over $100 million as opposed to the $25 million initially budgeted, so O’Donnell knew she, her team, and the vendor needed to step up. Addressing her team and the project leads of the partnership, O’Donnell shared with us a paraphrased version of her new approach: “You are going to be living with me now. I won’t have a passive role in this. I am going to be an active participant. You can either work with me or fight me. If you don’t like it then let me know now. If you are willing to roll up your sleeves and get it done then we are going to get along just fine.” O’Donnell knew that direct communication with the staff and partners was the only way to bring the issues forward and move the project along.

In addition to addressing the key stakeholders, O’Donnell met with the person in charge of running the project. She followed up by meeting with his boss and the boss’ boss and shared the same message with them all. The vendor stepped up to O’Donnell’s challenge as well by committing more resources, working through a revised project plan and timeline, and renegotiating a payment schedule based on achieving critical milestones. For the next two years, O’Donnell’s team and the vendor worked in lock step to complete the project. Ultimately, by communicating directly with the stakeholders and leveraging the partners’ desires to succeed, O’Donnell and the vendor effectively changed the nature of the relationship. Through the new approach, the project was successfully completed two years later. O’Donnell recalled that “ultimately, our project was so successful because we worked out all of the kinks together. The vendor stuck with it through thick and thin at a critical time and worked with us to solve the issues.”

**Flags**

**Do senior leadership and their teams know each other? Is there internal cooperation and communication?**

- Although not directly involved in the day-to-day work, senior level executives from both sides have met to discuss the goals of the project. Even if the meeting has not occurred, have you or received a call from your counterpart or have you reached out to them?
- Senior leadership model relationship-building behaviors (i.e., sharing personal stories, open to constructive feedback, celebrating successes).
- You can go several levels deep (both up and down) into the organization to establish the necessary relationships among counterparts.
- The strategy includes a focus on building key relationships across departments within your own organization.
- Individuals from different departments engage frequently in conversations and are interested in the work of other employees.

- You are a Cabinet Secretary responsible for a large agency with many initiatives, including P3s, and you don’t know who your counterpart is on the private side. You are an environmental planner for a city and you don’t know your counterpart within the company performing your largest projects.
- Senior leadership between the organizations has never met nor have they shown any interest in meeting or speaking with their counterparts. When asked why, you’re told they want plausible deniability.
- Key team members have not met and contract performance is well under way.
- There are limited conversations with members outside of individual departments and there is no sense of ownership over cross departmental initiatives.
- Senior leadership or project managers rely on a command and control approach to governing.
CRITICAL SUCCESS FACTOR #4: 
Build Sector Intelligence in your team

What is your team’s Sector IQ?

The concept of team is seriously tested in any P3 because of the cross-sector nature of the relationship. As previously defined, a P3 is an agreement through which “the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public.” We know that the private and public sectors have different motives and incentives, but successful public-private partnerships require both partners to understand the motivations, culture, and structure of the other. Just as private executives must assess the cultures of two companies going through a merger, private and public partners must work together to understand and mesh together their own cultures in order to have a successful partnership. We have already discussed building the right team and developing a relationship and understanding of your counterpart, but you must also understand your partner’s motivations and culture in order to create a successful partnership.

Ultimately success requires that both partners understand these differences in culture. The private sector team must appreciate the deliberate and regimented process of the public sector while the public sector must accommodate the need for flexibility in the private sector. As Greg Wass noted:

> What we are realizing now that makes this new partnership different than those of the past is the recognition that the profit motive, which is the underlying notion behind social entrepreneurship, does provide a better incentive to better management than the rewards of the public sector such as the security of jobs.

Increasingly, governments and private partners must become “tri-sector athletes” who are skilled in operating at the intersection of every sector — public, private and non-profit.4

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We will refer to this cross-sector understanding as “Sector Intelligence”. Sector Intelligence is simply how well you understand your partner’s sector. Just as Men are from Mars and Women are from Venus is the classic guide to understanding the opposite sex, we are not aware of any such similar publication designed for understanding public and private sector partners.

Does the corporate team fully understand the constraints of government?

A Governor is often compared to a CEO, and there are similarities between the positions. However, a Governor cannot spend a dime without approval of the legislature. That same legislature is a group of which some portion, and possibly a majority from an opposite political party, would like to see the governor fail. At the same time, the governor cannot hire his or her top executive team without the approval of this group. Meanwhile, every word said in public is debated every minute of the day, and the Board of Directors (the citizens of the state) is a fragmented group of millions who cannot agree on any of the major issues facing the state. Does the corporate partner understand this dynamic?

Does the corporate entity think of the government staff as professionals or just bureaucrats? Do they think the nine most terrifying words in the English language are “I’m from the government and I’m here to help”? For that matter, does the government think of the corporate entity as a true partner or just a vendor? Is any discussion of profit or margin treated as irrelevant to the government? The answers to these questions go to one’s mindset and the culture of the organizations. These are difficult characteristics to assess. However, if the proposed partner has an understanding of the other’s struggles and issues, that is a critical first step to a more effective relationship. So how can you determine Sector Intelligence (Sector IQ)?

As a first step, partners should administer an assessment to their own staff at the beginning of the partnership to develop a baseline understanding of the other sector. Similar to a readiness assessment that a private company utilizes to evaluate the success of a joint venture or an internal cultural assessment, this assessment should evaluate each partner’s understanding of the motivations, culture, and structure of the other sector. Derek Newberry, a business anthropologist at the Wharton School at the University of Pennsylvania, notes that “culture is not just about conscious mindsets, but unconscious habits. It is the tendencies we express in how we behave, react, and process without really thinking about it. Any partnership across organizational boundaries is therefore more likely to fail if it only integrates culture at its highest, most explicit level, such as stated values, while ignoring the “small stuff”—the common behaviors and habits of the members of each organization.” Therefore, any Sector IQ test
Different Motivations

What will come as no surprise is how the profit motive and the motive to drive up shareholder value are paramount to the private sector. Every successful firm must provide the highest value to its shareholders whether they are outside investors, stock holders, or employees. While the mission of the private partner may also be altruistic, its main motivation is almost undoubtedly financial. The public sector, however, must balance many objectives that often are at odds with profit maximization. These goals range from propping up small business set-asides to social goals like keeping at-risk kids off the street. Governments look to maximize their monetary returns too, but their main objectives are to deliver the highest social returns. Overlooking the differences in these two fundamental motivations could lead to a failure of an otherwise successful partnership.

Even expressing an understanding of the different motivations of your partner can lead to a deepening of the relationship between your organizations. Hartman shared a story with us in which his acknowledgement of the private sector’s motivations helped improve his relationship with his private sector counterpart. Furthermore, as Hartman describes, if you know what drives your partner you are able to both react to and anticipate how your partner will respond to different situations.

Chicago O’Hare – A Case Study

Jack Hartman is the Executive Vice President of ARCADIS U.S., Inc. in Chicago and a veteran of the public and private sector. During our interview with Hartman, he described an example of his Sector Intelligence. Chicago O’Hare Airport had entered into a contract with Standard Parking to operate the parking facilities for the airport. The following has been paraphrased from our conversation with Hartman.

During his conversation with Standard Parking at Chicago O’Hare Airport, Hartman asked the contractor, “What is your expectation of profit? If I know what your expectation of profit is, then I can know what you need to succeed. If you are expecting 13% return and only getting 6%, you might try and make money on the contract in ways that are not good for me as the owner.” Standard Parking said that “you [Jack] are the first government person to ask me about my expectation for profit or what my risks are.” When O’Hare had to take away several parking locations, Hartman realized that this move would hurt the potential profits of Standard Parking. Since Hartman understood Standard Parking’s motivations and profit expectations, he was able to go back to the charter and adapt it to remove restrictions elsewhere to allow Standard Parking to recoup any loses. Other airports were less accommodating than O’Hare and less understanding to Standard Parking’s motivations. Standard Parking determined that it only wanted to work with airports who understood its business incentives and model and that it would never again bid on another contract at the uncompromising airports.

Hartman and O’Hare airport did not have to accommodate Standard Parking nor did it need to engage in a dialog with the contractor after the parking spots

must involve questions about differences in routine (i.e., expected work hours, preferences in forms and style of communication, etc.) as well as the more explicit aspects of culture like bottom-line incentives.
were removed (the Federal government had created tighter restrictions and thus needed more spaces); however, Hartman and O’Hare understood the underlying motivations of the contractor and realized that the delivery of quality service might be compromised because of reduced profit. By accommodating Standard Parking when other airports would not, O’Hare ensured continued service with the contractor who was able to deliver the operation of the parking facilities at a fraction of the government’s costs.

**Pace of Play**

These different motivations lead private executives and public managers to approach partnerships and problems differently. For example, where the private sector might say “we don’t care how you get it done, just get it done”, the public sector might say “just follow the process and make sure you have no audit findings.” Dr. Mario Moussa, a Senior Fellow of Wharton Executive Education

**The Culture of Failure**

Frequently, the private sector fosters a culture that is more supportive of innovation, and even failure (if done the right way). A familiar refrain is to “fail fast and fail forward.” Dan Heath stated in his and his brother’s book, *Switch: How to Change Things When Change is Hard*, “failing is often the best way to learn, and because of that, early failure is a kind of necessary investment.”

The government culture is not very forgiving of failure. In government, the smallest mistakes are punished even when the broader initiative is successful. The nature of the adversarial political system means there is always someone waiting for you to make a mistake. Politics bring in another dimension to the already complicated arrangement of these new P3s.

Compare the government culture to the well-known story from IBM in the 1960’s that illustrates a different view on the value of mistakes. A promising young executive at IBM was called into CEO Tom Watson’s office after the executive had lost close to $10 million (about $70 million in today’s dollars) on a failed venture. The young executive came to the office with his letter of resignation printed and in hand.

“Do you know why you’re here?” Watson asked.

“I’m assuming that you’re going to fire me,” responded the young executive.

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24 “Seven Keys to Success”. NCPPP.

Watson looked at the executive and said, “Fire you? I just spent $10 million training you, why would I fire you?”

Of course, not every private company has such a forgiving culture, but the general difference in cultures between the government and the private sector make managing mistakes and failure more difficult for P3s. Understanding how your partner will react to unavoidable errors will in turn help you better prepare for the most appropriate response. Additionally, developing multiple levels of relationships between team members and cross sector partners creates avenues to solve problems.

Flags

**What is the Sector Intelligence?**

- The company has built a dedicated public sector group that understands the unique process and culture of government.
- The government has retained individuals who came from the private sector and understand its culture and practices.
- The company understands the importance of government’s role to convene critical partners or share information that is otherwise unavailable.
- Your proposed partner can anticipate barriers to success because of sector constraints (i.e., timing of legislation, closing of a fiscal year, etc.)
- Government is sensitive to the inevitable delays in decision making and willing to expedite critical decisions.
- Mistakes are treated as an opportunity for the entire team to learn whenever possible.
- The key motivations of each partner are openly discussed.

- The company or government has little experience working with the other sector. This should not necessarily be a disqualifier, but will mean the partnering process is even more critical.
- The importance of certain cultural practices is ignored (i.e., sharing information about results without allowing the other side to confirm content or timing of the release.) You can never ignore the impact of politics.
- Mistakes are used to gain leverage for concessions and joint liability is ignored.
A strong communication plan will help sell the vision

This guide has tried to stress the importance of building a strong foundation for any P3, but most of the CSFs and recommendations have centered on partner to partner interactions: strong leadership, a cross-sector team, and deep relationships. However, both the private sector and the public sector must navigate external and internal politics (Big P and little p) in order to launch any P3. The policies will stem from the politics.

Clear and constant communication goes hand in hand with building strong relationships, but how you communicate is vitally important when navigating the political environment. The political environment demands that you carefully craft your message to build support as with any such strategic change management effort. Changing mindset or culture is often referred to as managing the “soft stuff”. In reality, this label is misleading and allows leaders and teammates to push important and challenging issues to the back burner. This so-called “soft stuff” such as changing cultures or influencing mindsets requires clear communication and is one of the most challenging and difficult parts of these efforts.

In most change efforts, too few resources are committed to selling the vision to all the relevant stakeholders. Given the long-term nature of a P3, communication is an ongoing part of the plan that requires constant focus throughout its life. If your team fails to capture this necessary support, the remaining communication plan will be moot.

The requirement for transparency in government is your best argument to ensure appropriate resources are committed to the communication effort. Transparency is especially crucial with new programs like a P3 that requires the building of trust between all relevant stakeholders. As Orgeron stated, “transparency is the hallmark of good P3.”

Regardless of the resources available, P3s will often require significant departure from the way things used to be done. This approach will challenge existing roles within the organization. Within government, for example, the term “P3” immediately raises issues of the fundamental role of government. Elected officials throw around warnings such as “privatization” and “outsourcing.” These labels can leave any P3 dead-on-arrival and create battle lines across ideological boundaries. Therefore, to gain support and buy-in, the message must appeal to a wide group of stakeholders.

Your stakeholder analysis will reveal the diverse groups that must be part of your communication plan. For example, a P3 is a multiyear engagement and the local or state legislative bodies will have control over funding and appropriations. New roles and responsibilities will impact labor groups and Collective Bargaining Agreements (CBA). If the effort is seen as an outsourcing or privatization exercise, then labor groups will not easily support the initiative. This is where a team that understands the politics of P3s is critical. Skillful and well managed communication by both partners can ensure that the partnership achieves its means while appeasing the differing political powers at play. For example, several years ago, after the passage of the Affordable Care Act, Colorado needed to set up a new healthcare exchange that would require the support of members across both aisles. Knowing that the political environment favored limiting the growth of state government, Colorado opted to create a legislatively authorized non-profit exchange that operated outside of state government but within the prescription of federal healthcare laws. By making the entity separate and keeping it outside of state government, there was a more feasible chance of passing the exchange through the split legislature. Katherine Blair Muleady, Senior Policy Advisor for Health at the Office of the Colorado Governor, summed up a core challenge of government operation as she said, “often our choices around..."
‘what’ or ‘how’ in state government are constrained by political realities... The communication campaign for the elected officials and other policymakers is key to gaining their support.”

You may want to develop and test your message as part of a smaller pilot. We endorse this approach as a way to gain the buy-in for the larger initiative. Pilots allow public officials to test new ideas and initiatives on a smaller, low-cost scale and failures do not create as much political turmoil or baggage. We know that elected officials are not as comfortable making decisions that have long-term implications for fear of political retribution. This level of paralysis for fear of retribution is unique to government and one of the challenges any partnership must face. Political scientists Eggers and O’Leary describe the challenge: “In general, any party in power has an incentive to move incrementally rather than get blamed for the pain associated with moving boldly to close the gap.”

However, P3s, by their nature, are trying to solve large complex problems in a new way.

At this stage, we can assume you have done your due diligence long before you put pen to paper on any RFP. The leadership has a vision of a fundamental new way to approach an old problem. The team is being built and you have spent time developing relationships that matter. Hopefully you have been listening to people along the way. Too often communication is seen as a one-way exercise. Admiral Mike Mullen, former Chairman of the Joint Chiefs of Staff said “we’ve come to believe messages are something we can launch downrange like a rocket. They are not. Good communication runs both ways. It’s not about telling our story. We must also be good listeners.” Leadership must be prepared to listen to staff and outside groups, whether it’s labor or the business community; however, staff too must be open to change.

An effective message with front-line staff is very different from the message to an elected official or labor leader. Government staff sees governors and mayors come and go. To them each new administration brings new ideas that are often seen as the latest management fad. In the absence of thoughtful planning and consideration of the necessary resources these initiatives fail and staff is left to manage the crisis. How will the rank and file see a P3 effecting their lives? What does change look like to them? If you ignore the very folks that are necessary to build the foundation, then failure is guaranteed.

Sometimes the best strategy for initiating change is framing it much differently. Mark Funkhouser suggests that you may not want to talk about change at first:

26 Eggers, 40

27 NASCA Presentation

The word is laden with baggage and often sounds like some sort of flavor-of-the-month program of more work for everyone in the organization. Talk about what is ‘ok’ and ‘not ok’ in the organization... most of us see and agree with a list of things that are ‘not ok’ in our organization. Engage your peers and those immediately above and below you in conversations aimed at identifying points of agreement on what is not ok and how to move toward a better place. Find common ground. Once you have begun to reframe the conversation about what is ok and not ok, change will come more easily.

Simplifying the change and helping lower level staff to alter small behaviors themselves empowers them to drive the change that you are seeking. This strategy may be particularly useful for larger organizations and bureaucracies found in government as staff can own the change as opposed to having it imposed upon them by the new administration.
Have you considered the politics of the P3 and communicated the benefits to all parties?

- You have a written communication plan that addresses all the relevant stakeholders.
- The communication plan has identified where you have existing relationships and supporters, as well as those who will try to kill your initiative.
- There is commitment from leadership to be the face of this P3 and the time to execute the communication plan. They recognize that this is not the “soft stuff.”
- Leadership has spent time listening to all the stakeholders, especially the front line staff who are greatly impacted by the P3.
- If appropriate, you have considered a pilot to start small and develop early success. Often times large sweeping change is difficult given the challenging political environment, but small wins and success of pilot or smaller projects create the momentum needed for change.
- You have empowered the staff to reflect on what is ‘ok’ in the department and what is ‘not ok’.
- The P3 is being forced from the top down and those responsible for implementing the new P3 see the initiative as fleeting.
- The leadership continues to push communication to the back burner for more urgent matters or the next initiative. Changing culture is seen by leadership as a secondary goal and not a critical success factor.
- There is inconsistency in the message regarding the benefits of the P3. Either side is not reinforcing the key messages to describe the P3. Based on the particular environment, some are using harmful terms such as “privatization” or “outsourcing” that are not accurate.

Flags

The post Great Recession environment is placing great pressure on government today. Government payrolls are shrinking, but the demand for services remains high. This pressure is changing how government and its private sector partners think about their roles in the delivery of goods and services through government contracts. Governments and private companies have long had successful relationships, but many of these relationships could hardly be described as true “partnerships”. Today, however, public and private partners are beginning to accept the different skills that each brings to the relationship. Cross-sector partners acknowledge the complex nature of these partnerships and are working to solve today’s problems together. Each situation demands individual consideration, but there are eight common characteristics that make up many of these new P3s. They are:

- Long-term
- Complex
- Unfamiliar
- Strategic programs
- High dollar investments
- Enterprise-wide
- Involve Multiple Partners
- Utilize complementary strengths

Unlike the unique legal structures of traditional infrastructure-based P3s or the rigid rules of privatization and outsourcing, these partnerships require a new level of cooperation and strategic relationships to be successful.

The five CSFs described in this brief do not guarantee a successful partnership. However, the CSF’s are common elements that run through the development of any partnership. The CSF’s help to create a strong foundation for a true partnership and are key elements to any ongoing relationship. The CSF’s are meant to guide partners through the relationship from the earliest
communication to when your team begins to publically articulate its vision.

The first CSF recommends that the relationship between the two sectors begin even before formal documents are signed. Both sides must clearly understand the problem to be solved and the barriers - in terms of business and political - that must be managed. Second, based on strong leadership, and with a Designated Driver, a cross-sector team with complementary skills must be built. The team will not thrive if the traditional hierarchical approach to managing vendors is used. Instead, each partner provides one side of the equation that the other cannot. Third, these partnerships span multiple years and require broad organizational buy-in. Their success depends on the relationships they form not only between sectors but among their internal departments as well. Forth, as each partner develops a deeper understanding of the other – a strong Sector Intelligence – the relationships will grow even stronger. To help facilitate the development of Sector Intelligence, we are creating an assessment that both partners can use to test their teams’ Sector IQs. The assessment will supplement this Promising Practice guide as another tool that partners can use. With a deeper understanding of the other sector, the inevitable mistake will not derail the success of the effort, and the entire team will be able to defend the P3 with evidence of strong results. Finally, the communication plan targeted at all relevant stakeholders will ensure a clear vision and transparency for the P3.

As these partnerships continue to evolve, additional research and interviews will reveal new factors that will contribute to the success of future relationships. The lines between the public and private sectors will continue to grey in the coming decades. These new public-private partnerships will ensure that the services delivered to the public will continue to improve, bottom lines will continue to rise, and operational costs will fall. It’s our hope that this guide serves as a start for government and private partners as they begin to form profitable and effective public-private partnerships.
Appendix A: *Private vs. Public Sector Titles*

("Private vs. Public Sector Titles" *Governing Magazine* September 2011.)

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<tr>
<th>PRIVATE TITLE</th>
<th>PUBLIC TITLE</th>
<th>TITLE DEFINITION</th>
<th>NAME/LOCATION EXAMPLES</th>
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</table>
| CEO           | Governor     | Governor: The Chief Executive of Each State; usually elected into office. | Jerry Brown, State of California  
Rick Perry, State of Texas  
Rick Snyder, State of Michigan |
| Mayor         | Mayor        | Mayor: The Chief Executive or highest ranking officer of a city or town. There are several types of mayors depending on the system of local government. | Michael Bloomberg, City of New York, New York  
Rahm Emanuel, City of Chicago, Illinois  
Edwin Lee, City of San Francisco, California |
| City Manager  | City Manager | City Manager: An official serving as the administrative manager of a city, in a council-manager form of a city government. This person is responsible for the daily operations, oversight of positions, budget-related issues and PR. | Richard Clark, City of Des Moines, Iowa  
Mike Letcher, City of Tucson, Arizona  
Marc Ott, City of Austin, Texas |
| County Manager/Administrator | County Manager | County Manager: An official appointed as the administrative manager of a county in a council-manager form of a county government. This person is responsible for daily operations, oversight of positions, budget issues and PR. | Barbara Donnellan, County of Arlington, Virginia  
Jeff Glatz, County of Niagara, New York  
Paula Yancey, County of Jackson, Mississippi |
| County Chairman | County Chairman | County Chairman: Involved with regional and statewide committees and organizations, and represents the region on a local level. | Phil Kuyers, County of Ottawa, Michigan  
Ben Pearlman, County of Boulder, Colorado  
Carol Whitmore, County of Manatee, Florida |
| Superintendent | Superintendent | Superintendent: Senior administrator who has executive oversight and administration rights within an educational entity or organization. | Dr. John Deasy, City of Los Angeles, California  
Dr. R. Stephen Green, City of Kansas City, Missouri  
Darryl C. Kilbert, City of New Orleans, Louisiana |
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<tr>
<td>Vice President</td>
<td>Lt. Governor</td>
<td>Lt. Governor: The deputy or lieutenant under a governor. Precise role and rank vary by jurisdiction, but is often a “second-in-command.” An elected position.</td>
<td>Brian Calley, State of Michigan; David Dewhurst, State of Texas; Gavin Newsom, State of California</td>
</tr>
<tr>
<td>Deputy Mayor</td>
<td>Deputy Mayor</td>
<td>Deputy Mayor: An elective or appointive office of the second-ranking official in many local governments. Many elected deputy mayors are members of the city council. Some large cities have multiple deputy mayors.</td>
<td>Mark Angelson, City of Chicago, Illinois; Stephen Goldsmith, City of New York, New York; Maria Heisl, City of Bloomington, Indiana</td>
</tr>
<tr>
<td>COO</td>
<td>Chief of Staff</td>
<td>Chief of Staff: The coordinator of the supporting staff, or primary aide to an important individual. Provides a buffer between a CEO and the executive’s team.</td>
<td>Marcia Adams, State of South Carolina; Edward Benavides, City of San Antonio, Texas; Jimmy Butts, County of Fulton, Georgia</td>
</tr>
<tr>
<td>Operations Manager</td>
<td>Operations Manager</td>
<td>Operations Manager: Ensures smooth operation of various tasks that contribute to the overall function of an agency or department. Typically, the operations manager wears multiple hats and does a little bit of everything.</td>
<td>Billy Clinton, State of Arkansas; Leslie Johnson, City of Lauderdale, Florida; Perry Wheeler, County of Monroe, New York</td>
</tr>
<tr>
<td>Alderman</td>
<td>Alderman</td>
<td>Alderman: A member of a municipal assembly or council, the “Board of Aldermen” is the legislative body of many cities and towns and is sometimes used instead of a city council.</td>
<td>John Arena, City of Chicago, Illinois; Stephen Conway, City of St. Louis, Missouri; Jim Morganroth, City of Racine, Wisconsin</td>
</tr>
<tr>
<td>Principal (School)</td>
<td>Principal</td>
<td>Principal: A person who is in a leading position; most commonly associated with someone who operates an educational institution.</td>
<td>Karen Bryant, Mary Bryant Elementary, Tampa, Florida; Khushwinder Gill, George Kelly Elementary, Tracy, California; Elise Schwartz, Carlinville Primary School, Springfield, Illinois</td>
</tr>
<tr>
<td>CFO</td>
<td>Assessor</td>
<td>Assessor: An official who calculates the value of property for taxation purposes. An appointed or elected official in a county, municipality or township.</td>
<td>Tafira Harewood, State of Indiana; Thomas Huonker, City of Rochester, New York; Joshua Wilson, County of Washoe, Nevada</td>
</tr>
<tr>
<td>Auditor</td>
<td>Auditor</td>
<td>Auditor: Determines the validity and reliability of information to provide an assessment of a system’s internal control. Traditionally a vital part of accounting, audits are now also done for non-financial matters.</td>
<td>Gwen Jones, State of Georgia; Wayne Parson, City of Duluth, Minnesota; Lynn Smith, County of Johnson, Kansas</td>
</tr>
<tr>
<td>Budget Director</td>
<td>Budget Director</td>
<td>Budget Director: Help formulate spending plans while evaluating the effectiveness of agency programs, policies and procedures while setting funding priorities.</td>
<td>David Ewer, State of Montana; Steve Jenkins, City of Chesapeake, Virginia; Donna Stewart, County of Denton, Texas</td>
</tr>
<tr>
<td>Chief Accountant</td>
<td>Chief Accountant</td>
<td>Chief Accountant: Ensures an agency runs efficiently; public records are accurate and analyzes and communicates financial information for various entities. Budget analysis and financial planning are also involved.</td>
<td>Dale Carpenter, State of Maryland; Frank Gizaza, City of Philadelphia, Pennsylvania; Marguerite Peterman, County of Madison, Alabama</td>
</tr>
<tr>
<td>Chief Economist</td>
<td>Chief Economist</td>
<td>Chief Economist: Conduct research, collect and analyze data, monitor economic trends and develop forecasts on a wide range of issues.</td>
<td>David Dearmont, State of Nebraska</td>
</tr>
<tr>
<td>Comptroller/Controller</td>
<td>Comptroller/Controller</td>
<td>Comptroller/Controller: Responsible for supervising the quality of accounting and financial reporting. Usually elected or appointed with varying powers over budgetary and management matters.</td>
<td>Kevin Lembo, State of Connecticut; Wally Morics, City of Milwaukee; Mark Poloncarz, County of Erie, New York</td>
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<tr>
<td>CFO</td>
<td>Finance Manager</td>
<td>Financial Manager: Oversees the preparation of financial reports, direct investment activities and implement cash management strategies. Also develop strategies and help implement long-term goals.</td>
<td>Wendy Dalawari, State of Louisiana Dale Nielsen, City of Vista, California Tammy Thomas, County of Brevard, Florida</td>
</tr>
<tr>
<td>CIO</td>
<td>Chief Information Officer</td>
<td>Chief Information Officer: Generally, the highest ranking technology executive responsible for the information technology and computer systems.</td>
<td>Alex Petit, State of Oklahoma John Richo, City of Culver City, California Gail M. Roper, City of Raleigh, North Carolina</td>
</tr>
<tr>
<td>Director of Information Technology</td>
<td>Director of Information Technology: Manage computing resources, this person often plans and directs the work of other IT employees. These managers ensure the availability, continuity and security of data and information tech. services.</td>
<td>Norman Cohen, County of Dinwiddie, Virginia Donald Leslie, City of Fairfield, Connecticut</td>
<td></td>
</tr>
<tr>
<td>Information Management Services Director</td>
<td>Information Management Services Director: (See Dir. of Information Technology)</td>
<td>Rebecca Landry, City of Keene, New Hampshire</td>
<td></td>
</tr>
<tr>
<td>Information Services Director</td>
<td>Information Services Director: A cabinet level position that provides information technology assistance to state and local agencies.</td>
<td>Tim Howell, City of South Padre Island, Texas Todd Kibler, City of Charleston, Illinois Bob Laughlin, City of Baton Rouge, Louisiana</td>
<td></td>
</tr>
<tr>
<td>Information Services Executive Director</td>
<td>Information Services Executive Director: (See Information Services Director)</td>
<td>Al Raniero, County of York, Pennsylvania</td>
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<tr>
<td>CIO</td>
<td>Information Systems Director</td>
<td>Information Systems Director: Plan, direct or coordinate activities in information systems. This person makes sure all required information is available and easily accessible, and that staff understands how to access and enter data.</td>
<td>Peter Efstratios, City of Lynn, Massachusetts Lisa Thompson, County of Kalamazoo, Michigan James Wisdom, City of Lawrence, Kansas</td>
</tr>
<tr>
<td>Information Technology Director</td>
<td>Information Technology Director: (See Information Systems Director)</td>
<td>Matt Hirst, County of Scott, Iowa Craig Nelson, County of McLean, Illinois Jorge Salinas, City of Albany, Oregon</td>
<td></td>
</tr>
<tr>
<td>Information Technology Manager</td>
<td>Information Technology Manager: Oversees the technology resources and ensures they’re managed in accordance with the agency/department’s needs and priorities. Resources may include hardware, software, data and networks.</td>
<td>Jeff Cruson, County of Douglas, Nevada Fred Massa, State of Connecticut Michael Parenti, City of Emeryville, California</td>
<td></td>
</tr>
<tr>
<td>Information Technology Services Director</td>
<td>Information Technology Services Director: Responsible for operations, budgeting, planning and evaluation of information technology services.</td>
<td>John Eppley, City of Indianapolis, Indiana (SBOA) Mike Newman, State of Tennessee</td>
<td></td>
</tr>
<tr>
<td>Management Information Systems Director</td>
<td>Management Information Systems Director: (See Information Technology Director)</td>
<td>Frank Merricks, County of Alamance, North Carolina Steve Montemurro, City of Meriden, Connecticut</td>
<td></td>
</tr>
<tr>
<td>CTO</td>
<td>Director of Technology</td>
<td>Director of Technology: Evaluates the use of technology to solve organizational challenges through acquiring and adapting existing technologies.</td>
<td>Gail Baldwin, County of King, Washington Veronica Barnes, Town of Dedham, Massachusetts Tom Kneeland, City of Gahanna, Ohio</td>
</tr>
<tr>
<td>Technology Services Director</td>
<td>Technology Services Director: (See Director of Technology)</td>
<td>Donald Giacomo, County of Charleston, South Carolina</td>
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</table>
| CMO            | Chief of Public Affairs | **Chief of Public Affairs**: In charge of promoting a government agency and the goodwill between itself and the public to influence government policy and public opinion. | Margarita Fernandez, State of California  
Suzy Hartgrove, City of Houston, Texas  
Jim Toth, County of Wayne, Michigan |
| Marketing Director | **Marketing Director**: An executive position that is often reliant upon day-to-day activities of an agency’s specific function. | Todd Darroca, State of Indiana  
Jeff Mohl, City of New York, New York  
Kim Terry, County of Oklahoma, Oklahoma |
| Public Affairs Director/Manager | **Public Affairs Director/Manager**: Oversees public affairs specialists while keeping the public informed about the activities of agencies and officials. | Rusty Hills, State of Michigan  
Raelin Storey, City of Hollywood, Florida  
Jim Toth, County of Wayne, Michigan |
| CCO            | Communications Director | **Communications Director**: Senior aide responsible for managing and directing an agency’s internal and external communications, supervising PR staff, creating communications strategies and serves as a media contact. | Allison Castle, State of Texas  
Nicole Dailey, Jones County of Cuyahoga, Ohio  
Amy Ruiz, City of Portland, Oregon |
| Communications Specialist | **Communications Specialist**: Acts as an advocate to build and maintain positive relationships with the public. | Barry Levy, City of Wichita Falls, Texas  
Abigail Taylor, County of Knox, Tennessee |
| Media Relations | **Media Relations**: Working with various media for the purpose of informing the public of policies and practices in a positive and consistent manner. This involves coordinating with the people responsible for producing the news. | Thomas Feeney, State of New Jersey  
Jennifer Ogunsola, City of Atlanta, Georgia  
Sylvia Soublet, County of Alameda, California |

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<th><strong>NAME/LOCATION EXAMPLES</strong></th>
</tr>
</thead>
</table>
| CMO            | Public Information Officer | **Public Information Officer**: Communications coordinators or spokesperson of certain governmental organizations. The primary responsibility is providing information to the media and public. | Adam Joseph, City of New Haven, Connecticut  
Lauren Shears, County of Essex, New Jersey |
| Press Secretary | **Press Secretary**: A senior advisor who provides advice on how to deal with the news media, while helping maintain a positive public image; also serves as a senior spokesperson. | Jon Hanian, State of Idaho  
Michael Lukens, City of Fresno, California  
Judi McNeil, County of Allegheny, Pennsylvania |
| CLO            | Attorney General | **Attorney General**: The main legal advisor to the government, and the top law enforcement officer and lawyer for the government. | Steve Bullock, State of Montana  
Richard DeWine, State of Ohio  
Lisa Madigan, State of Illinois |
| County Attorney | **County Attorney**: The chief legal officer for a county or local judicial district. The role is similar to that of a State’s Attorney, but may also oversee the operations of local prosecutors and defend the county against civil suits. | Jeffrey Buhman, County of Utah, Utah  
Craig Denning, County of Albany, New York  
Hal Warren County of Adams, Colorado |
| County Counsel | **County Counsel**: May be appointed by supervisors to serve as chief legal adviser on civil matters for the county. May discharge civil duties of the district attorney, advise county officials of responsibilities and serve as attorney. | Stephen Madkour, County of Clackamas, Oregon  
Sherri Schweitzer, County of Camden, New Jersey  
Jean Walls, County of Riverside, California |
| Inspector General | **Inspector General**: Charged with examining the actions of a government agency as a general auditor of their actions to ensure they’re operating in compliance with established policies. | Tom Clinkenbeard, State of Arizona  
Joseph Ferguson, City of Chicago, Illinois  
Chris Mazzella, County of Miami-Dade, Florida |
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</table>
Thomas Clark, City of Manchester, New Hampshire  
Greg Hembree, County of Horry, South Carolina |
| Architect | Capital Planning | Capital Planning: Develops solutions to maintain and improve a local government's capital assets over time taking into consideration legal, policy and fiscal constraints. | John Hanlon, City of Boston, Massachusetts |
| City/Civil Engineer | Civil Engineer | Civil Engineer: With several specialties to choose from (structural, construction, environment, etc.), these engineers design things such as roads, buildings, airports, etc. and may move up to become a city engineer. Construction costs and government regulations are factors in the designs. | Duncan Lee, City of Huntington Beach, California  
Teri Rie, County of Contra Costa, California |
| City Housing Manager | City Housing Manager | City Housing Manager: Improve neighborhood infrastructure, maintain existing community housing resources and create affordable housing opportunities. | Benita DeFrank, City of Pomona, California  
Tom Kilroy, City of Meriden, Connecticut  
Paula Mitchell, City of Cedar Rapids, Iowa |
| Planning/ Zoning Manager | Planning/ Zoning Manager | Planning/ Zoning Manager: Performs professional and administrative work in planning, organizing, directing and coordinating the activities of the planning/zoning department. | Cornell Gordon, City of Fort Worth, Texas  
Matthew Holm, County of Maricopa, Arizona |
| Admin. Director | City Clerk | City Clerk: Similar to a County Clerk (see below), a City Clerk is an office manager, accountant, purchasing agent and public relations specialist all rolled up into one. | Marilyn Banks, City of Champaign, Illinois  
Cassandra Brager, City of Tyler, Texas  
Marlene Williams, Village of Skokie, Illinois |
| County Clerk/ Recorder | County Clerk/ Recorder | County Clerk/ Recorder: A clerk's titles vary depending on the municipality, but often serves as the official keeper of the records. May also issue licenses, maintain financial records and assure transparency. | Jack Arrowsmith, County of Douglas, Colorado  
Tom Daly, County of Orange, California  
Scott Doyle, County of Larimer, Colorado |
| Director of Investor Relations | Secretary of State | Secretary of State: Usually a politically-appointed position, in the federal govt., the position is responsible for foreign policy. In state/local govt., the person serves as administrative officer w/ functions based on the state. | Jeffrey Bullock, State of Delaware  
Max Maxfield, State of Wyoming  
A. Mollis, State of Rhode Island |
| Personnel Director | Human Resources Director | Human Resources Director: Consult with top executives regarding strategic planning, and suggesting or changing policies. Also responsible for employee related issues. | Peggy Burler-Berthold, State of New York  
Evan Chin, City of Seattle, Washington  
Robert Morris, County of Merced, California |
Gerald Thornton, City of Memphis, Tennessee  
Dave Watroba, County of Niagara, New York |
Appendix B: Private vs. Public Sector Titles and their Policy Influences

(Private vs. Public Sector Titles. Governing Magazine. September 2011.)

Advocating Change: Policy-Makers

Advocacy aims to influence outcomes that directly affect people’s lives. This is no small feat. Progress takes persistence and change takes time with efforts typically focusing on altering specific policies and practices by incremental steps toward a much larger goal. There are multiple positions of power, but understanding whom to speak with and their scope of influence is a crucial component of the overall strategy in collaborating with the right state or local government official that can assist with your specific needs.

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<tr>
<td>Budget Analyst</td>
<td>Budget Analyst</td>
<td>Budget Analyst: Help allocate financial resources; develop, analyze, and execute budgets as well as estimate future financial needs for govt. agencies. Often involved in program evaluation and policy analysis.</td>
<td>At the beginning of each budget cycle, department heads submit financial proposals to budget analysts for review. Analysts examine these budget estimates and formulate budget summaries which argue for or against requests.</td>
</tr>
<tr>
<td>City Manager</td>
<td>CEO</td>
<td>City Manager: An official serving as the administrative manager of a city, in a council-manager form of a city government. This person is responsible for the daily operations, oversight of positions, budget-related issues and PR.</td>
<td>Prepares, monitors and executes the city’s budget which includes submitting a proposed budget package each year with options and recommendations for its consideration and possible approval.</td>
</tr>
<tr>
<td>City Planner</td>
<td>Architect</td>
<td>City Planner: Figures out the best way to use the land in cities and neighborhoods; report on the best location for houses, stores and parks while monitoring traffic and pollution issues.</td>
<td>Makes new plans when more people move into an area; provide recommendations regarding new roads, public safety agencies, etc. Planners also map out changes for the future based on a community’s needs.</td>
</tr>
<tr>
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<td>PRIVATE TITLE</td>
<td>TITLE DEFINITION</td>
<td>POLICY INFLUENCE</td>
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</tr>
<tr>
<td>County Manager</td>
<td>CEO</td>
<td><strong>County Manager:</strong> An official appointed as the administrative manager of a county in a council-manager form of a county government. This person is responsible for daily operations, oversight of positions, budget issues and PR.</td>
<td>Formulates policies and directs the overall operations of the county.</td>
</tr>
<tr>
<td>Environmental Planner</td>
<td>Architect</td>
<td><strong>Environmental Planner:</strong> Manages relationships within and between natural systems and humans; focuses on these processes for benefit of communities within such systems for the present and the future.</td>
<td>Deals with a full range of environmental regulations on all levels of government. A rigorous environmental process is typically undertaken to examine the impacts and possible mitigation of any construction project.</td>
</tr>
<tr>
<td>Governor</td>
<td>CEO</td>
<td><strong>Governor:</strong> The Chief Executive of each state; usually elected into office. Responsible for carrying out laws passed by legislators, hire heads of offices and make budgets.</td>
<td>Head of an individual state's government, and in charge of the state's executive branch; sign or veto bills as necessary.</td>
</tr>
<tr>
<td>Government Affairs Director</td>
<td>CMO/CCO</td>
<td><strong>Government Affairs Director:</strong> Directs an organization's policies and objectives involving state and local government affairs. Leads analysis of proposed legislative action and determines potential impact.</td>
<td>Monitors legislative and regulatory activities, and by doing so, develops positions based on policies.</td>
</tr>
<tr>
<td>Labor Mgmt. Relations</td>
<td>Personnel Director</td>
<td><strong>Labor Management Relations:</strong> Usually involves the managing of unionized employment situations. Prepares information for management to use during collective bargaining negotiations.</td>
<td>Implements industrial labor relations programs, and handles complaints resulting from management disputes with employees. Also may be involved in creating a new or revised rule to comply with union contracts.</td>
</tr>
<tr>
<td>Legislative Aide</td>
<td>Executive Assistant</td>
<td><strong>Legislative Aide:</strong> Performs administrative tasks for elected representatives and senators on the state level.</td>
<td>Tracking specific bills as they move through the lawmaking process is typically part of their duties; may also be assigned special research for future bills, or be responsible for editing bills and amendments.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PUBLIC POSITION</th>
<th>PRIVATE TITLE</th>
<th>TITLE DEFINITION</th>
<th>POLICY INFLUENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayor</td>
<td>CEO</td>
<td><strong>Mayor:</strong> The Chief Executive or highest ranking officer of a city or town. There are several types of mayors depending on the system of local government.</td>
<td>The leader of the city, town or other locality is typically one of the few roles residents can correctly identify by name and by stand on issues. The municipality's form of government determines the amount of power wielded.</td>
</tr>
<tr>
<td>Policy Analyst</td>
<td>CMO/CCO</td>
<td><strong>Policy Analyst:</strong> Specializes in researching complex issues, crafting possible solutions and recommending policy actions.</td>
<td>On complex issues, can help raise public awareness and often help shape policies by marketing solutions to policy makers, the media and the public. Many policy analysts work for think tanks or interest groups.</td>
</tr>
<tr>
<td>Policy Manager</td>
<td>CIO</td>
<td><strong>Policy Manager:</strong> Formulates policies and controls, ensures procedures and policies meet requirements; communicates with leaders and peers to solve complex problems.</td>
<td>Manages the development of policy programs and ensures that the strategic objectives of the organization are fulfilled. Also, oversees the production of policy positions.</td>
</tr>
<tr>
<td>Policy Specialist</td>
<td>CIO</td>
<td><strong>Policy Specialist:</strong> Monitors activities of lawmakers, and summarizes legislation and regulations at various stages of the policy-making process.</td>
<td>Prepares and disseminates information internally and externally concerning pertinent legislation while supporting government relations programs.</td>
</tr>
<tr>
<td>Public Auditor</td>
<td>CFO</td>
<td><strong>Public Auditor:</strong> Determines the validity and reliability of information to provide an assessment of a system’s internal control. Traditionally a vital part of accounting, audits are now also done for non-financial matters.</td>
<td>Maintains and examines the records of government agencies and ensures that revenues are received and expenditures made in accordance with laws and regulations.</td>
</tr>
<tr>
<td>Public Policy Director</td>
<td>CMO</td>
<td><strong>Public Policy Director:</strong> Conducts research and provides regular updates on policy issues of importance, and monitors legislation. Works toward advancing public policy agenda.</td>
<td>Conducts media outreach for key policy initiatives and maintains media relationships while acting as primary liaison for public policy issues.</td>
</tr>
</tbody>
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PROMISING PRACTICES

A PARADIGM SHIFT FOR PUBLIC-PRIVATE PARTNERSHIPS
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<tr>
<td>State Representative</td>
<td>CLO</td>
<td>State Representative: A politician who serves in a state-level legislative branch. These politicians represent local cities or counties and help form state laws.</td>
<td>Introduces and votes on bills representing the interests of their constituents; create new laws, modify or update old laws and serve on research committees within the legislative branch.</td>
</tr>
<tr>
<td>State Senator</td>
<td>CLO</td>
<td>State Senator: Create and pass legislation that represents the shared interests of the political party and citizens within their districts. Also responsible for state budgets.</td>
<td>Work with governors and members of the House to create and pass legislation to maintain order for the people in their districts; also sets the government budget for each year.</td>
</tr>
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</table>